

Flash alert - TAX

11 May 2020

Slovenia - New tax measures to mitigate the effects of the COVID-19 epidemic - the second coronavirus stimulus package

Due to the declared COVID-19 epidemic, the Slovene government has adopted the second coronavirus stimulus package of measures to mitigate the effects of the epidemic, effective from 1 May 2020.

We have prepared the high level overview of new tax measures applicable in Slovenia from 1 May 2020.

The COVID-19 epidemic has a significant impact on all of us. In the future, we wish you a lot of health and we hope to overcome the epidemic together. All our employees work from home and we consistently consider the recommendations of the Government of the Republic of Slovenia.

LEGISLATIVE CHANGES

On 21 April 2020, the Slovene National Assembly adopted the amendments to the Act on Intervention measures to mitigate the effects of the COVID-19 epidemic on citizens and the economy (ZIUZEOP-A; hereinafter Amendments to the Intervention Act), which entered into force on 1 May 2020.

Also, on 21 April 2020, the Slovene National Assembly adopted the Act on Supplemental Liquidity to the Economy to Mitigate the Consequences of the COVID-19 Epidemic (ZDLGPE), which entered into force on 1 May 2020. The second stimulus package amended also the measures already taken with the Amending Act to the law on provisional measures relating to judicial, administrative and other public affairs to control the dissemination of the infectious disease sars-cov-2 (COV-2) (ZZUSUDJZ).

WHY THIS MATTERS?

The main objective of the amended ZIUZEOP-A is to mitigate the effects of the COVID-19 epidemic on citizens and the economy through action in various fields. The law corrects parts that were unclear in ZIUZEOP.

The adoption of the ZDLGPE, which defines the financial instrument of the Republic of Slovenia's guarantee for bank loans,

provides the necessary liquidity for the Slovene economy in order to mitigate the consequences of the COVID-19 epidemic, thereby preventing serious economic damage that could occur. In order to provide the necessary liquidity to the Slovene economy, sufficient medium-term liquidity in the banking system and optimization of the utilization of the already used budget of the Republic of Slovenia are utilized.

TAX MEASURES ACCORDING TO THE SECOND INTERVENTION ACTS

The amendments of ZIUZEOP-A introduces **additional relief for donations** applicable for taxpayers under the Corporate Income Tax Act and Personal Income Tax Act. The taxpayer may claim an additional reduction of the taxable amount of the tax period by the entire amount of donation paid. This relief is applicable for the payments, which purpose is the elimination of the consequences of the COVID-19 epidemic, and are paid to a specially designed bank account of the Republic of Slovenia or another Member State of the European Union, but only up to a maximum of the taxable amount of the taxable period. The amount is considered to be the amount of all donations from 13 March 2020 until the notification of the closure of the said specially created bank account of the Republic of Slovenia.

The amendments to ZIUZEOP also introduce a **temporary exemption from VAT on supplies and the acquisition of protective and medical equipment** (hereinafter referred to as goods) within the European Union. From 13 March 2020 to 31 July 2020 inclusive, a VAT exemption is prescribed with the right to deduct VAT, which will apply to certain supplies of goods and to the acquisition of goods from other Member States for the goods determined by the Government of the Republic of Slovenia. The list of goods is based on Slovenia's needs of these goods to deal with the consequences of the COVID-19 epidemic. In accordance with Commission Decision EU 2020/491 from 3 April 2020, similar exemption applies to import duties and VAT by the import of goods into the European Union (VAT exemption in accordance with Article 50/1/11 of the VAT Act-1).

Exemption from VAT may be granted only in case the taxpayer supplies the goods to a governmental authority or organization, a local authority, another body governed by public law (e.g. the Agency of Commodity Reserves) or a charitable organization. The same shall apply, if the goods are supplied for the account of those authorities and organizations, or if the goods from another Member State are acquired by another person for the account of those authorities and organizations. In all cases, the goods must be intended for:

- free of charge distribution to persons affected by the epidemic, exposed to or confronting the outbreak, or
- free use by healthcare providers in relation to the healthcare of persons affected by the epidemic, provided that the goods remain the property of the aforementioned authorities and organizations. Before the VAT is paid, these goods shall not be disposed or used by any other subject and they shall not be used for any other purposes than for the purpose of performing a medical activity.

The taxpayer is obliged to follow the below rules:

- the invoice exempt from VAT must refer to Article 62.b of ZIUZEOP,
- the taxpayer has to obtain a declaration from the buyer or eligible person that the prescribed conditions are met (e.g. free distribution); the declaration can be a stand-alone document or it could be presented as a contractual provision;
- the taxpayer shall electronically submit a monthly report on these supplies of goods via e-Taxes portal, and should keep sufficiently accurate records that enable control by the tax authority.

For the **personal income tax**, a general rule on non-taxation of income is being introduced. This rule prescribes that the provisions of the Act on Intervention measures relating to exemption from personal income tax, logically apply to the comparable income gained outside the Republic of Slovenia.

CONTACT US

If you would need additional information regarding the current changes in Slovene tax legislation, please do not hesitate to contact us.

Kind regards,



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